Methodology Statement: 2020 US Business Locations and Business Summary Data

esri® | THE SCIENCE OF WHERE®

Table of Contents

Methodology Statement: 2020 US Business Locations and Business Summary Data

Esri extracts its business data from a comprehensive list of businesses licensed from Infogroup®. This list contains data on nearly 13 million US businesses—including the company name, location, franchise code, industry classification code, number of employees, and sales volume. The industry data in the Business Summary dataset is current as of January 2020. Business locations are current as of April 2020.[1] However, depending on the product or data delivery mechanism, location data may be updated more frequently throughout the calendar year.[2]

Data Sources and Content

In maintaining and adding to its business database, Infogroup references numerous sources including directory listings such as Yellow Pages and business white pages; annual reports; 10-K and Securities and Exchange Commission (SEC) information; federal, state, and municipal government data; business magazines; newsletters and newspapers; and information from the US Postal Service. To ensure accurate and complete information, Infogroup conducts annual telephone verifications with each business listed in the database.

Esri provides reports and file extracts from the business database that include the number of businesses by industry classification and employment size or sales volume; total employment; and, when available and applicable, information about total sales. Also included are both versions of industry classification—the former four-digit Standard Industrial Classification (SIC) system and the updated and expanded six-digit 2017 North American Industry Classification System (NAICS). In addition to the typical SIC and NAICS summary-level codes, the database also includes Infogroup's proprietary six-digit SIC and eight-digit NAICS industry codes and a special industry code for select industries. These codes provide more detailed information such as the number of rooms in hotels or motels or the number of beds in hospitals and nursing homes.

Infogroup's sales data for private companies must be modeled since this sensitive information is proprietary and virtually impossible to obtain. Its primary source data to model this variable comes from the US Department of Commerce. Infogroup's total

---

[1] Regarding coronavirus disease 2019 (COVID-19) and the US business registry, Infogroup anticipates its database will reflect the impact from the pandemic. But the degree to which it will reflect these changes at any one point in time will be a function of its cumulative daily verification efforts to update a business's operational status and current workforce levels.

[2] Please consult the product release notes or visit doc.arcgis.com/en/esri-demographics/data/business.htm to obtain the current business data vintages.

annual sales volume is estimated by applying a county-level six-digit NAICS industry sales per employee multiplier to its location employment data and corresponding six-digit NAICS industry code. Furthermore, a corporate sales volume is only available on records coded as a parent or subsidiary headquarters. The data reflects actual sales compiled from annual reports, newspapers, and periodicals. If this information is not available, sales estimates are "inferred" by using a median value of existing reported sales data across the different combinations of employee size classes and industry classifications. Lastly, total annual sales volume data is reported in thousands of dollars for all business locations.

Business Locations

An address list of businesses is compiled by Infogroup from its sources and telephone verifications. These addresses are geocoded to assign latitude and longitude coordinates to the business site and append census geographic codes via spatial overlay. This year, the new style of locators from the ArcGIS® StreetMap™ Premium was used for geocoding addresses. These are similar to the locators used in the ArcGIS World Geocoding Service. In addition to improved address matching logic, the new locators leverage up-to-date reference data from authoritative sources, including community, commercial, and governmental providers. The quality of address matching varies depending on the quality of the input address as well as the availability of reference data in the area. Overall, nearly 94 percent of all business addresses were geocoded to a ranged street centerline or detailed address location such as the center of a building or parcel.

Esri also uses the geographic codes to report business data for summary areas such as states, counties, census tracts, and block groups. Aggregations by ZIP codes are created from the business database. ZIP codes from Infogroup may differ from the residential ZIP codes in the Esri® demographic databases because Infogroup includes business-only ZIP codes that are unique to particular establishments and include no residential area.

Lastly, records for ATMs, electric vehicle charging stations, and addresses with post office box numbers or missing entries have been omitted from the geographic summary files. However, these records remain in the business locations database.

For more information about business data, call 1-800-447-9778.

Esri's Data Development Team

Led by chief demographer Kyle R. Cassal, Esri's data development team has a 35-year history of excellence in market intelligence. The team's economists, statisticians, demographers, geographers, and analysts produce independent small-area demographic and socioeconomic estimates and forecasts for the United States. The team develops exclusive demographic models and methodologies to create market-proven datasets, many of which are now industry benchmarks such as Tapestry™ Segmentation, Consumer Spending, Market Potential, and annual Updated Demographics. Esri demographics powers ArcGIS® through dynamic web maps, data enrichment, reports, and infographics.

esri | THE SCIENCE OF WHERE®

Esri, the global market leader in geographic information system (GIS) software, offers the most powerful mapping and spatial analytics technology available.

Since 1969, Esri has helped customers unlock the full potential of data to improve operational and business results. Today, Esri software is deployed in more than 350,000 organizations including the world's largest cities, most national governments, 75 percent of Fortune 500 companies, and more than 7,000 colleges and universities. Esri engineers the most advanced solutions for digital transformation, the Internet of Things (IoT), and location analytics to inform the most authoritative maps in the world.

Visit us at esri.com.

Contact Esri

380 New York Street
Redlands, California 92373-8100 USA

1 800 447 9778
T 909 793 2853
F 909 793 5953
info@esri.com
esri.com

Offices worldwide
esri.com/locations

For more information, visit
esri.com/data/esri_data.